

Message Text

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SUBJ: U.S. COMMERCIAL AND ECONOMIC INTERESTS IN AFGHANISTAN

1. BEGIN SUMMARY: ALTHOUGH QJMS. TRADE WITH AND INVESTMENTS IN AFGHANISTAN HAVE NOT BEEN LARGE, OPPORTUNITIES EXIST IN THE NEAR FUTURE FOR A SIGNIFICANT INCREASE IN THE SALE OF U.S. GOODS AND SERVICES. AFGHANISTAN'S DEBTS TO THE U.S. AMOUNT TO ABOUT \$105 MILLION AND ARISE MAINLY FROM PAST BILATERAL AID PROGRAMS. AS FAR AS WE KNOW, AFGHANISTAN IS NOT IN ARREARS IN ANY OF ITS REPAYMENTS OF PRINCIPAL OR INTEREST TO THE U.S.
END SUMMARY

2. OVERALL U.S. COMMERCIAL INTERESTS IN AFGHANISTAN HAVE BEEN LIMITED. AMERICAN EXPORTS TO AFGHANISTAN AMOUNTED TO AN ESTIMATED \$20 MILLION IN 1977, \$15 MILLION IN 1976, AND \$19 MILLION IN 1975. THE U.S. ENJOYED A MODEST FAVORABLE TRADE BALANCE DURING EACH OF THOSE YEARS. THE MAIN, PERENNIAL U.S. EXPORTS TO AFGHANISTAN ARE USED CLOTHING.

3. U.S. INVESTMENTS IN AFGHANISTAN AMOUNT TO ABOUT \$6 OR \$7 MILLION AT CURRENT ESTIMATED BOOK VALUES. THE MOST IMPORTANT OF THESE, BY FAR, IS PANAM'S 49 PERCENT EQUITY IN AFGHANISTAN'S NATIONAL FLAG CARRIER, ARIANA AFGHAN AIRLINES. ANOTHER, SMALLER INVESTMENT IS EMBROILED IN A TAX FEUD WITH THE DRA AND HAS BEEN
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ASKED TO CEASE OPERATIONS.

4. SINCE 1949, EXIMBANK HAS AUTHORIZED SOME \$50 MILLION IN LOANS TO AFGHANISTAN TO FINANCE PURCHASES OF U.S. GOODS AND SERVICES, OF WHICH \$42.7 MILLION HAD ACTUALLY BEEN DISBURSED AS OF JUNE 30, 1978, ACCORDING TO EXIMBANK'S LATEST LOAN STATEMENT. THAT STATEMENT INDICATES THAT EXIMBANK HAS EARNED NEARLY \$25 MILLION IN

INTEREST AND FEES FROM AFGHANISTAN.

5. ACCORDING TO IBRD REPORT NO. 1777A-AF, AFGHANISTAN'S DEBTS TO THE U.S. AS OF MARCH 31, 1977, TOTALLED \$120,000 IN SUPPLIERS CREDITS AND \$105,207,000 FROM BILATERAL LOANS. THAT REPORT REVEALED NO ARREARAGES IN REPAYMENTS OF PRINCIPAL OR INTEREST.

6. ALTHOUGH U.S. TRADE WITH AND INVESTMENTS IN AFGHANISTAN HAVE BEEN LIMITED, U.S. FIRMS HAVE WON SIZEABLE CONTRACTS FOR ADVISORY, ENGINEERING, AND CONSTRUCTION SERVICES. MUCH OF THIS BUSINESS HAS BEEN FINANCED WITH USAID, EXIMBANK AND IFI LOANS.

7. COMMERCIAL PROSPECTS FOR THE NEAR FUTURE LOOK SOMEWHAT AUSPICIOUS. A \$55 MILLION SALES PACKAGE FOR THE ACQUISITION OF A DC-10 AIRCRAFT BY ARIANA IS AWAITING A FAVORABLE EXIMBANK LOAN DECISION. INTERCONTINENTAL HOTEL CHAIN IS NEGOTIATING A \$3 MILLION CONTRACT WITH THE GOVERNMENT TO TRAIN HOTEL PERSONNEL. SENIOR DRA OFFICIALS ARE ENCOURAGING AN AMERICAN FIRM TO RENEW ITS INTEREST IN CONSTRUCTING A \$50 MILLION CEMENT PLANT. IF THESE DEALS GO THROUGH, U.S. COMMERCIAL INTERESTS IN AFGHANISTAN WOULD EXPERIENCE A SIGNIFICANT EXPANSION. VARIOUS PENDING PROJECTS UNDER IBRD, ADB, ISLAMIC BANK AND OTHER FINANCING COULD PROVIDE FURTHER SIZEABLE OPPORTUNITIES FOR U.S. BUSINESS INTERESTS.

8. AS FAR AS WE KNOW, THE U.S. HAS NO SIGNIFICANT ECONOMIC OR STRATEGIC INTEREST IN MAINTAINING ACCESS TO ANY AFGHAN PRODUCTS. 1
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Message Attributes

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